

**House File 2460 - Reprinted**

HOUSE FILE 2460

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 540)

(As Amended and Passed by the House April 11, 2012)

**A BILL FOR**

1 An Act relating to Iowa's urban renewal law and incremental  
2 taxes by modifying provisions relating to the duration  
3 of urban renewal areas, the approval, duration, and use  
4 of divisions of revenue, requiring certain reporting and  
5 auditing, and including effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 2.48, subsection 3, paragraph b,  
2 subparagraph (4), Code 2011, is amended by striking the  
3 subparagraph.

4 Sec. 2. Section 11.11, Code Supplement 2011, is amended to  
5 read as follows:

6 **11.11 Scope of audits.**

7 The written report of the audit of a governmental  
8 subdivision shall include the auditor's opinion as to whether a  
9 governmental subdivision's financial statements are presented  
10 fairly in all material respects in conformity with generally  
11 accepted accounting principles or with an other comprehensive  
12 basis of accounting. As a part of conducting an audit of a  
13 governmental subdivision, an evaluation of internal control  
14 and tests for compliance with laws and regulations shall be  
15 performed. As part of conducting an audit of a governmental  
16 subdivision, an evaluation of the governmental subdivision's  
17 compliance with the reporting requirements of section 331.403,  
18 subsection 3, or 384.22, subsection 2, if applicable, shall be  
19 performed.

20 Sec. 3. Section 331.403, subsection 3, Code 2011, is amended  
21 by striking the subsection and inserting in lieu thereof the  
22 following:

23 3. a. Each county that had an urban renewal plan and  
24 area in effect at any time during the most recently ended  
25 fiscal year shall complete for each such urban renewal  
26 plan and area and file with the department of management an  
27 urban renewal report by December 1 following the end of such  
28 fiscal year. Each report shall be approved by the affirmative  
29 vote of a majority of the board and be prepared in the format  
30 and submitted electronically pursuant to the instructions  
31 prescribed by the department of management in consultation with  
32 the legislative services agency.

33 b. The report required under this subsection shall include  
34 all of the following as of June 30 of the most recently ended  
35 fiscal year or the information for such fiscal year, as

1 applicable:

2 (1) Whether the urban renewal area is determined by the  
3 county to be a slum area, blighted area, economic development  
4 area or a combination of those areas, and the date such  
5 determination was made.

6 (2) A map clearly identifying the boundaries of the urban  
7 renewal area.

8 (3) A copy of the ordinance providing for a division of  
9 revenue in the urban renewal area under section 403.19.

10 (4) A copy of the urban renewal plan adopted for the urban  
11 renewal area.

12 (5) Information included in the county budget under section  
13 331.434, subsection 1, relating to the urban renewal area, for  
14 the fiscal year.

15 (6) A copy of the certification to the county auditor made  
16 pursuant to section 403.19, subsection 6, or the information  
17 previously certified to the county auditor under section  
18 403.19, subsection 6, for amounts payable during the fiscal  
19 year from the county's special fund created in section 403.19.

20 (7) A list and description of all uncompleted urban renewal  
21 projects within the urban renewal area and all urban renewal  
22 projects that were completed during the fiscal year.

23 (8) A description of each expenditure during the fiscal year  
24 from the county's special fund created in section 403.19. Each  
25 such expenditure shall be classified by the county according  
26 to categories established by the department of management and  
27 shall be designated as corresponding to the specific loan,  
28 advance, indebtedness, or bond which qualifies for payment from  
29 the special fund under section 403.19. Each such expenditure  
30 shall also be designated as corresponding to one or more  
31 specific urban renewal projects.

32 (9) The total amount of loans, advances, indebtedness, or  
33 bonds, including interest negotiated on such loans, advances,  
34 indebtedness, or bonds, which qualify for payment from the  
35 special fund created in section 403.19, and which were incurred

1 or issued during the fiscal year. Each such loan, advance,  
2 debt, or bond shall be classified by the county according to  
3 categories established by the department of management and  
4 shall be designated as corresponding to one or more specific  
5 urban renewal projects.

6 (10) The total amount of loans, advances, indebtedness,  
7 or bonds that remain unpaid at the close of the fiscal year,  
8 and which qualify for payment from the special fund created in  
9 section 403.19, including interest negotiated on such loans,  
10 advances, indebtedness, or bonds.

11 (11) The total amount of property taxes that were suspended,  
12 abated, exempted, rebated, refunded, or reimbursed by the  
13 county, used to fund a grant provided by the county, or  
14 directly paid by the county during the fiscal year for property  
15 in the urban renewal area using moneys in the county's special  
16 fund created in section 403.19 and such amounts agreed to by  
17 the county for future fiscal years.

18 (12) A list of all properties, including the owner of such  
19 properties, and the amount of property taxes due and payable  
20 for the fiscal year that were suspended, abated, exempted,  
21 rebated, refunded, or reimbursed by the county, used to fund a  
22 grant provided by the county, or directly paid by the county  
23 during the fiscal year using moneys in the county's special  
24 fund created in section 403.19 and information for such amounts  
25 agreed to by the county for future fiscal years.

26 (13) The balance of the county's special fund created in  
27 section 403.19.

28 (14) The total sum of the assessed value of the taxable  
29 property in the urban renewal area, as shown on the assessment  
30 roll used to calculate the amount of taxes under section  
31 403.19, subsection 1, for the fiscal year.

32 (15) The total assessed value of each classification of  
33 taxable property located in the urban renewal area.

34 (16) The total amount of taxes, as determined under section  
35 403.19, subsection 2, that was available for allocation to and

1 when collected payment into the special fund of the county for  
2 the fiscal year.

3 (17) The amount of taxes determined under section 403.19,  
4 subsection 2, in excess of the amount required to pay the  
5 applicable loans, advances, indebtedness, and bonds, if any,  
6 and interest thereon, for the fiscal year that was paid into  
7 the funds for the respective taxing districts in the same  
8 manner as taxes on all other property.

9 (18) Interest or earnings received during the fiscal year  
10 on amounts deposited into the special fund created in section  
11 403.19. The amounts of interest or earnings shall also be  
12 designated as corresponding to one or more specific urban  
13 renewal projects.

14 (19) All other additional information or documentation  
15 deemed relevant by the department of management.

16 c. By December 1, 2012, the department of management shall  
17 make publicly available on an internet site a searchable  
18 database of all such information contained in the reports  
19 required under this subsection. Reports from previous years  
20 shall be retained by the department and shall continue to be  
21 available and searchable on the internet site.

22 Sec. 4. Section 331.403, Code 2011, is amended by adding the  
23 following new subsection:

24 NEW SUBSECTION. 4. The annual financial report and the  
25 urban renewal report required under this section shall be filed  
26 with the department of management prior to the adoption of  
27 the county budget under section 331.434 for the fiscal year  
28 beginning July 1 following the date such reports are due.

29 Sec. 5. Section 331.434, unnumbered paragraph 1, Code 2011,  
30 is amended to read as follows:

31 Annually, the board of each county, subject to section  
32 331.403, subsection 4, sections 331.423 through 331.426, and  
33 other applicable state law, shall prepare and adopt a budget,  
34 certify taxes, and provide appropriations as follows:

35 Sec. 6. Section 357H.9, Code 2011, is amended to read as

1 follows:

2 **357H.9 Incremental property taxes.**

3 1. The board of trustees shall provide by resolution that  
4 taxes levied on the taxable property in a rural improvement  
5 zone each year by or for the benefit of the state, city,  
6 county, school district, or other taxing district after the  
7 effective date of the resolution shall be divided as provided  
8 in section 403.19, subsections 1 and 2, in the same manner  
9 as if the taxable property in the rural improvement zone was  
10 taxable property in an urban renewal area and the resolution  
11 was an ordinance within the meaning of those subsections. The  
12 taxes received by the board of trustees shall be allocated to,  
13 and when collected be paid into, a special fund and may be  
14 irrevocably pledged by the trustees to pay the principal of and  
15 interest on the certificates, contracts, or other obligations  
16 approved by the board of trustees to finance or refinance, in  
17 whole or in part, an improvement project. As used in this  
18 section, "taxes" includes, but is not limited to, all levies on  
19 an ad valorem basis upon land or real property located in the  
20 rural improvement zone.

21 2. a. Each board of trustees that has by resolution  
22 provided for a division of revenue in the rural improvement  
23 zone during the most recently ended fiscal year shall complete  
24 and file with the department of management a tax increment  
25 financing report by December 1 following the end of such  
26 fiscal year. The report shall be approved by the affirmative  
27 vote of a majority of the board of trustees and be prepared  
28 in the format and submitted electronically pursuant to the  
29 instructions prescribed by the department of management in  
30 consultation with the legislative services agency.

31 b. The report required under this subsection shall include  
32 substantially the same information required for counties under  
33 section 331.403, subsection 3, as of June 30 of the most  
34 recently ended fiscal year or the information for such fiscal  
35 year, as applicable.

1 c. By December 1, 2012, the department of management,  
2 shall make publicly available on an internet site a searchable  
3 database of all such information contained in the reports  
4 required under this subsection. Reports from previous years  
5 shall be retained by the department and shall continue to be  
6 available and searchable on the internet site.

7 d. A board of trustees that fails to satisfy the  
8 requirements of this subsection shall have all future  
9 incremental taxes withheld from payment into the rural  
10 improvement zone's special fund until such requirements are  
11 met.

12 Sec. 7. Section 384.16, unnumbered paragraph 1, Code 2011,  
13 is amended to read as follows:

14 Annually, a city that has satisfied the requirements of  
15 section 384.22, subsection 3, shall prepare and adopt a budget,  
16 and shall certify taxes as follows:

17 Sec. 8. Section 384.22, Code 2011, is amended to read as  
18 follows:

19 **384.22 Annual report — urban renewal report.**

20 1. Not later than December 1 of each year, a city shall  
21 publish an annual report as provided in section 362.3  
22 containing a summary for the preceding fiscal year of all  
23 collections and receipts, all accounts due the city, and all  
24 expenditures, the current public debt of the city, and the  
25 legal debt limit of the city for the current fiscal year. The  
26 report shall be prepared on forms and pursuant to instructions  
27 prescribed by the auditor of state. A copy of this report must  
28 be filed with the auditor of state not later than December 1 of  
29 each year.

30 ~~A city that fails to meet the filing deadline imposed by~~  
31 ~~this section shall have withheld from payments to be made to~~  
32 ~~the county which are allocated to the city pursuant to section~~  
33 ~~425.1 an amount equal to five cents per capita until the annual~~  
34 ~~report is filed with the auditor of state.~~

35 2. a. Each city that had an urban renewal plan and area in

1 effect at any time during the most recently ended fiscal year  
2 shall complete for each such urban renewal plan and area and  
3 file with the department of management an urban renewal report  
4 by December 1 following the end of such fiscal year. Each  
5 report shall be approved by the affirmative vote of a majority  
6 of the city council and be prepared in the format and submitted  
7 electronically pursuant to the instructions prescribed by the  
8 department of management in consultation with the legislative  
9 services agency.

10 b. The report required under this subsection shall include  
11 all of the following as of June 30 of the most recently ended  
12 fiscal year:

13 (1) Whether the urban renewal area is determined by the city  
14 to be a slum area, blighted area, economic development area or  
15 a combination of those areas, and the date such determination  
16 was made.

17 (2) A map clearly identifying the boundaries of the urban  
18 renewal area.

19 (3) A copy of the ordinance providing for a division of  
20 revenue in the urban renewal area under section 403.19.

21 (4) A copy of the urban renewal plan adopted for the urban  
22 renewal area.

23 (5) Information included in the city budget under section  
24 384.16, subsection 1, paragraph "b", relating to the urban  
25 renewal area, for the fiscal year.

26 (6) A copy of the certification to the county auditor made  
27 pursuant to section 403.19, subsection 6, or the information  
28 previously certified to the county auditor under section  
29 403.19, subsection 6, for amounts payable during the fiscal  
30 year from the city's special fund created in section 403.19.

31 (7) A list and description of all uncompleted urban renewal  
32 projects within the urban renewal area and all urban renewal  
33 projects that were completed during the fiscal year.

34 (8) A description of each expenditure during the fiscal  
35 year from the city's special fund created in section 403.19.

1 Each such expenditure shall be classified by the city according  
2 to categories established by the department of management and  
3 shall be designated as corresponding to the specific loan,  
4 advance, indebtedness, or bond which qualifies for payment from  
5 the special fund under section 403.19. Each such expenditure  
6 shall also be designated as corresponding to one or more  
7 specific urban renewal projects.

8 (9) The total amount of loans, advances, indebtedness, or  
9 bonds, including interest negotiated on such loans, advances,  
10 indebtedness, or bonds, which qualify for payment from the  
11 special fund created in section 403.19, and which were incurred  
12 or issued during the fiscal year. Each such loan, advance,  
13 debt, or bond shall be classified by the city according to  
14 categories established by the department of management and  
15 shall be designated as corresponding to one or more specific  
16 urban renewal projects.

17 (10) The total amount of loans, advances, indebtedness,  
18 or bonds that remain unpaid at the close of the fiscal year,  
19 and which qualify for payment from the special fund created in  
20 section 403.19, including interest negotiated on such loans,  
21 advances, indebtedness, or bonds.

22 (11) The total amount of property taxes that were suspended,  
23 abated, exempted, rebated, refunded, or reimbursed by the city,  
24 used to fund a grant provided by the city, or directly paid  
25 by the city during the fiscal year for property in the urban  
26 renewal area using moneys in the city's special fund created  
27 in section 403.19 and such amounts agreed to by the city for  
28 future fiscal years.

29 (12) A list of all properties, including the owner of such  
30 properties, and the amount of property taxes due and payable  
31 for the fiscal year that were suspended, abated, exempted,  
32 rebated, refunded, or reimbursed by the city, used to fund a  
33 grant provided by the city, or directly paid by the city during  
34 the fiscal year using moneys in the city's special fund created  
35 in section 403.19 and information for such amounts agreed to by

1 the city for future fiscal years.

2 (13) The balance of the city's special fund created in  
3 section 403.19.

4 (14) The total sum of the assessed value of the taxable  
5 property in the urban renewal area, as shown on the assessment  
6 roll used to calculate the amount of taxes under section  
7 403.19, subsection 1, for the fiscal year.

8 (15) The total assessed value of each classification of  
9 taxable property located in the urban renewal area.

10 (16) The total amount of taxes, as determined under section  
11 403.19, subsection 2, that was available for allocation to and  
12 when collected payment into the special fund of the city for  
13 the fiscal year.

14 (17) The amount of taxes determined under section 403.19,  
15 subsection 2, in excess of the amount required to pay the  
16 applicable loans, advances, indebtedness, and bonds, if any,  
17 and interest thereon, for the fiscal year that was paid into  
18 the funds for the respective taxing districts in the same  
19 manner as taxes on all other property.

20 (18) Interest or earnings received during the fiscal year  
21 on amounts deposited into the special fund created in section  
22 403.19. The amounts of interest or earnings shall also be  
23 designated as corresponding to one or more specific urban  
24 renewal projects.

25 (19) All other additional information or documentation  
26 deemed relevant by the department of management.

27 c. By December 1, 2012, the department of management shall  
28 make publicly available on an internet site a searchable  
29 database of all such information contained in the reports  
30 required under this subsection. Reports from previous years  
31 shall be retained by the department and shall continue to be  
32 available and searchable on the internet site.

33 3. The annual financial report and the urban renewal report  
34 required under this section shall be filed with the department  
35 of management prior to the adoption of the city budget under

1 section 384.16 for the fiscal year beginning July 1 following  
2 the date such reports are due.

3 Sec. 9. Section 403.5, subsections 1, 2, 3, 5, and 7, Code  
4 2011, are amended to read as follows:

5 1. a. A municipality shall not approve an urban renewal  
6 project for an urban renewal area unless the governing body  
7 has, by resolution, determined the area to be a slum area,  
8 blighted area, economic development area or a combination of  
9 those areas, and designated the area as appropriate for an  
10 urban renewal project. The local governing body shall not  
11 approve an urban renewal plan until a general plan for the  
12 municipality has been prepared. For this purpose and other  
13 municipal purposes, authority is vested in every municipality  
14 to prepare, to adopt and to revise from time to time, a general  
15 plan for the physical development of the municipality as a  
16 whole, giving due regard to the environs and metropolitan  
17 surroundings. A municipality shall not acquire real property  
18 for an urban renewal project unless the local governing body  
19 has approved the urban renewal project in accordance with  
20 subsection 4.

21 b. A municipality shall not establish an urban renewal  
22 area or otherwise modify the boundaries of an existing urban  
23 renewal area on or after the effective date of this Act if such  
24 establishment or modification would result in an increase in  
25 the aggregate amount of assessed value of taxable property in  
26 all urban renewal areas established by the municipality and  
27 if following such establishment or modification the assessed  
28 value in the aggregate of all taxable property located in all  
29 urban renewal areas established in the municipality's area  
30 of operation would exceed twenty-five percent of the total  
31 assessed value of all taxable property within the corporate  
32 limits of the municipality if the municipality is a city or  
33 exceed twenty-five percent of the total assessed value of all  
34 taxable property outside the corporate boundaries of a city if  
35 the municipality is a county, unless a majority of the affected

1 taxing entities in the proposed urban renewal area or existing  
2 urban renewal area, as applicable, by resolution approves such  
3 establishment or modification.

4 2. a. The municipality may itself prepare or cause to be  
5 prepared an urban renewal plan; or any person or agency, public  
6 or private, may submit such a plan to a municipality. Prior  
7 to its approval of an urban renewal plan, the local governing  
8 body shall submit such plan to the planning commission of the  
9 municipality, if any, for review and recommendations as to  
10 its conformity with the general plan for the development of  
11 the municipality as a whole. The planning commission shall  
12 submit its written recommendations with respect to the proposed  
13 urban renewal plan to the local governing body within thirty  
14 days after receipt of the plan for review. Upon receipt of  
15 the recommendations of the planning commission or, if no  
16 recommendations are received within the thirty days, then,  
17 without such recommendations, the local governing body may  
18 proceed with the ~~hearing~~ hearings on the proposed urban renewal  
19 plan prescribed by subsection 3.

20 b. Prior to its approval of an urban renewal plan which  
21 provides for a division of revenue pursuant to section 403.19,  
22 the municipality shall mail the proposed plan by regular mail  
23 to the affected taxing entities. The municipality shall  
24 include with the proposed plan notification of a consultation  
25 to be held between the municipality and affected taxing  
26 entities prior to the first public hearing on the urban renewal  
27 plan. Each affected taxing entity may appoint a representative  
28 to attend the consultation. The consultation may include a  
29 discussion of the estimated growth in valuation of taxable  
30 property included in the proposed urban renewal area, the  
31 fiscal impact of the division of revenue on the affected taxing  
32 entities, the estimated impact on the provision of services  
33 by each of the affected taxing entities in the proposed urban  
34 renewal area, and the duration of any bond issuance included  
35 in the plan. The designated representative of the affected

1 taxing entity may make written recommendations for modification  
2 to the proposed division of revenue no later than seven days  
3 following the date of the consultation. The representative  
4 of the municipality shall, no later than seven days prior to  
5 the first public hearing on the urban renewal plan, submit a  
6 written response to the affected taxing entity addressing the  
7 recommendations for modification to the proposed division of  
8 revenue. Not later than thirty days following the receipt  
9 of the written response addressing the recommendations for  
10 modification, the governing body of each affected taxing entity  
11 shall by resolution each approve by the affirmative vote of a  
12 majority of the governing body a written recommendation for  
13 approval or rejection of the proposed urban renewal area and  
14 state the reasons for such recommendation. Upon receipt of the  
15 resolutions approved by each affected taxing entity, or thirty  
16 days following receipt of the written response addressing  
17 the recommendations for modifications by the affected taxing  
18 entities, whichever occurs first, the local governing body may  
19 proceed with the hearings prescribed by subsection 3 on the  
20 proposed urban renewal plan.

21 3. The local governing body shall hold ~~a public hearing~~  
22 three public hearings on an urban renewal plan after public  
23 notice ~~thereof~~ of each by publication in a newspaper having  
24 a general circulation in the area of operation of the  
25 municipality. ~~The~~ Each notice shall describe the time, date,  
26 place, and purpose of the hearing, shall generally identify  
27 the urban renewal area covered by the plan, shall describe the  
28 resolutions approved by each affected taxing entity if the  
29 proposed urban renewal plan provides for a division of revenue  
30 pursuant to section 403.19, and shall outline the general  
31 scope of the urban renewal activities under consideration.  
32 A copy of the notice shall be sent by ordinary mail to each  
33 affected taxing entity. The hearings required under this  
34 subsection shall not be waived by the local governing body.  
35 At each of the three public hearings, the municipality shall

1 make available to the public all written information that  
2 the local governing body anticipates using to determine its  
3 findings under subsection 4. If the proposed urban renewal  
4 plan provides for a division of revenue pursuant to section  
5 403.19, the resolutions approved by each affected taxing entity  
6 under subsection 2, paragraph "b", shall be published in their  
7 entirety in the minutes of the third public hearing.

8 5. a. An Except as otherwise provided in this subsection,  
9 an urban renewal plan may be modified at any time:—Provided,  
10 that if. However, if the urban renewal plan is modified  
11 after the lease or sale by the municipality of real property  
12 in the urban renewal project area, such modification may  
13 be conditioned upon such approval of the owner, lessee or  
14 successor in interest as the municipality may deem advisable,  
15 and in any event such modification shall be subject to such  
16 rights at law or in equity as a lessee or purchaser, or a  
17 lessee's or purchaser's successor or successors in interest,  
18 may be entitled to assert. The municipality shall comply  
19 with the notification and consultation process provided  
20 in this section prior to the approval of any amendment or  
21 modification to an adopted urban renewal plan if such amendment  
22 or modification provides for refunding bonds or refinancing  
23 resulting in an increase in debt service or provides for the  
24 issuance of bonds or other indebtedness, to be funded primarily  
25 in the manner provided in section 403.19.

26 b. Once determined to be a blighted area, a slum area, or an  
27 economic development area by a municipality, an urban renewal  
28 area shall not be redetermined by the municipality throughout  
29 the duration of the urban renewal area.

30 7. Notwithstanding any other provisions of this chapter,  
31 where the local governing body certifies that an area is in  
32 need of redevelopment or rehabilitation as a result of a flood,  
33 fire, hurricane, earthquake, storm, or other catastrophe  
34 respecting which the governor of the state has certified  
35 the need for disaster assistance under Pub. L. No. 81-875,

1 Eighty-first Congress, 64 Stat. 1109, codified at 42 U.S.C.  
2 § 1855 - 1855g or other federal law, the local governing body  
3 may approve an urban renewal plan and an urban renewal project  
4 with respect to such area without regard to the provisions of  
5 subsection 4 and without regard to provisions of this section  
6 requiring notification and consultation, a general plan for the  
7 municipality, and ~~a public hearing~~ three public hearings on the  
8 urban renewal plan or project.

9 Sec. 10. Section 403.5, subsection 4, unnumbered paragraph  
10 1, Code 2011, is amended to read as follows:

11 Following the third such hearing, the local governing body  
12 may approve an urban renewal plan, subject to the requirements  
13 under subsection 4A if applicable, and if it finds that:

14 Sec. 11. Section 403.5, subsection 4, Code 2011, is amended  
15 by adding the following new paragraphs:

16 NEW PARAGRAPH. 0a. The proposed or expected development  
17 within the urban renewal area would not otherwise occur without  
18 approval of the urban renewal plan and without the use of  
19 incremental tax revenues if the urban renewal plan provides for  
20 a division of revenue pursuant to section 403.19.

21 NEW PARAGRAPH. 00a. The economic benefits of the urban  
22 renewal area, as measured by increased employment, business  
23 and personal income, and property value, are sufficient to  
24 compensate for the costs and indebtedness to be incurred by the  
25 municipality.

26 NEW PARAGRAPH. 000a. If the proposed urban renewal plan  
27 provides for a division of revenue under section 403.19, the  
28 benefits of the proposal outweigh the anticipated reduction in  
29 property tax revenues to each taxing district.

30 NEW PARAGRAPH. 0000a. Other alternative development options  
31 and funding for the proposed urban renewal area would be less  
32 effective than the proposed urban renewal plan and the division  
33 of revenue under section 403.19 if applicable.

34 Sec. 12. Section 403.5, Code 2011, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION. 4A. The resolutions of affected taxing  
2 entities required to be received under subsection 1, paragraph  
3 "b", section 403.19, subsection 1, paragraph "d", section  
4 403.19, subsection 10, and section 403.22, subsection 1A,  
5 must be received by the municipality no later than fourteen  
6 days following the date of the third public hearing on the  
7 proposed urban renewal plan, or, if amending a plan pursuant  
8 to subsection 5, within fourteen days of the conclusion of the  
9 notification and consultation process. If a resolution is  
10 not received in that time period, the affected taxing entity  
11 is deemed to have disapproved the proposed plan or project or  
12 amendment.

13     Sec. 13. Section 403.8, subsection 1, Code 2011, is amended  
14 to read as follows:

15     1. A municipality may sell, lease, or otherwise transfer  
16 real property or any interest in real property acquired by  
17 it, and may enter into contracts for such purposes, in an  
18 urban renewal area for residential, recreational, commercial,  
19 industrial, or other uses, or for public use, subject to  
20 covenants, conditions and restrictions, including covenants  
21 running with the land, it deems to be necessary or desirable  
22 to assist in preventing the development or spread of future  
23 slums or blighted areas, or to otherwise carry out the purposes  
24 of this chapter. However, the sale, lease, other transfer,  
25 or retention, and any agreement relating to it, may be made  
26 only after the approval of the urban renewal plan by the local  
27 governing body. The purchasers or lessees and their successors  
28 and assigns shall devote the real property only to the uses  
29 specified in the urban renewal plan, and they may be obligated  
30 to comply with other requirements the municipality determines  
31 to be in the public interest, including the requirement to  
32 begin within a reasonable time any improvements on the real  
33 property required by the urban renewal plan. The real property  
34 or interest shall be sold, leased, otherwise transferred, or  
35 retained at not less than its fair market value for uses in

1 accordance with the urban renewal plan except as provided in  
2 subsection 3. In determining the fair market value of real  
3 property for uses in accordance with the urban renewal plan, a  
4 municipality shall take into account and give consideration to  
5 the uses provided in the plan; the restrictions upon, and the  
6 covenants, conditions, and obligations assumed by the purchaser  
7 or lessee or by the municipality retaining the property;  
8 and the objectives of the plan for the prevention of the  
9 recurrence of slum or blighted areas. The municipality in an  
10 instrument of conveyance to a private purchaser or lessee may  
11 provide that the purchaser or lessee shall not sell, lease, or  
12 otherwise transfer the real property, without the prior written  
13 consent of the municipality, until the purchaser or lessee has  
14 completed the construction of any or all improvements which  
15 the purchaser or lessee has become obligated to construct.  
16 Real property acquired by a municipality which, in accordance  
17 with the urban renewal plan, is to be transferred, shall be  
18 transferred as rapidly as feasible in the public interest,  
19 consistent with the carrying out of the urban renewal plan.  
20 A contract for a transfer under the urban renewal plan, or  
21 a part or parts of the contract or plan as the municipality  
22 determines, may be recorded in the land records of the county  
23 in a manner to afford actual or constructive notice of the  
24 contract or plan.

25 Sec. 14. Section 403.17, subsection 1, Code 2011, is amended  
26 to read as follows:

27 1. "*Affected taxing entity*" means a city, ~~community college,~~  
28 county, or school district which levied or certified for levy  
29 a property tax on any portion of the taxable property located  
30 within the urban renewal area in the fiscal year beginning  
31 prior to the calendar year in which a proposed urban renewal  
32 plan is submitted to the local governing body for approval.

33 Sec. 15. Section 403.17, subsection 10, Code 2011, is  
34 amended to read as follows:

35 10. "*Economic development area*" means an area of a

1 municipality designated by the local governing body as  
2 appropriate for commercial and industrial enterprises, public  
3 improvements related to housing and residential development,  
4 or construction of housing and residential development for low  
5 and moderate income families, including single or multifamily  
6 housing. If an urban renewal plan for an urban renewal area  
7 adopted on or after January 1, 1995, but before the effective  
8 date of this Act, is based upon a finding that the area is an  
9 economic development area and that no part contains slum or  
10 blighted conditions, then the division of revenue provided  
11 in section 403.19, if adopted prior to the effective date of  
12 this Act, and stated in the plan shall be limited to twenty  
13 years from the calendar year following the calendar year in  
14 which the municipality first certifies to the county auditor  
15 the amount of any loans, advances, indebtedness, or bonds which  
16 qualify for payment from the division of revenue provided in  
17 section 403.19. ~~Such designated~~ An economic development area  
18 shall not include agricultural land, including land which is  
19 part of a century farm, unless the owner of the agricultural  
20 land or century farm agrees to include the agricultural land  
21 or century farm in the urban renewal area. For the purposes of  
22 this subsection, "*century farm*" means a farm in which at least  
23 forty acres of such farm have been held in continuous ownership  
24 by the same family for one hundred years or more.

25 Sec. 16. Section 403.17, subsection 25, paragraph d, Code  
26 2011, is amended to read as follows:

27 *d.* Disposition of any property acquired in the urban renewal  
28 area, including sale, initial leasing, or retention by the  
29 municipality itself, at its fair market value for uses in  
30 accordance with the urban renewal plan;

31 Sec. 17. NEW SECTION. 403.18A Urban renewal area and  
32 division of revenue limitations.

33 1. Each municipality having an urban renewal area in  
34 existence on the effective date of this Act that is subject to  
35 a division of revenue under section 403.19 that is not limited

1 in duration under either section 403.17, subsection 10, or  
2 section 403.22, subsection 5, shall be subject to one of the  
3 following limitations:

4     a. (1) For each such urban renewal area that is an economic  
5 development area, except as provided in subparagraph (2), the  
6 urban renewal area including all applicable urban renewal  
7 plans, projects, and ordinances providing for a division of  
8 revenue shall terminate and be of no further force and effect  
9 not later than June 30, 2032. The municipality may for such  
10 urban renewal area continue to incur or issue additional costs  
11 or indebtedness, including loans, advances, and bonds that  
12 qualify for payment from the special fund created in section  
13 403.19 on or after the effective date of this Act and until  
14 June 30, 2032.

15     (2) A municipality may, following the filing of an  
16 application for a waiver with, and approval by, the department  
17 of management, extend the date of termination for the urban  
18 renewal area and all applicable urban renewal plans, projects,  
19 and ordinances to a date after June 30, 2032. Such an  
20 application shall be filed with the department of management  
21 not later than June 30, 2013, and the application shall be  
22 accompanied by all information and documentation required  
23 by the department. The extended termination date shall be  
24 determined by the department of management. However, an  
25 extended termination date shall not be later than a date  
26 determined by the department of management to be necessary  
27 for the municipality to pay and retire those loans, advances,  
28 bonds, or indebtedness, or portions thereof, incurred or  
29 issued before the effective date of this Act that qualify for  
30 payment from the special fund created in section 403.19, and  
31 by the terms of such loans, advances, bonds, or indebtedness  
32 are required to be paid or retired after June 30, 2032. If  
33 the department of management approves a waiver under this  
34 subparagraph (2), all moneys deposited into the special fund  
35 of the municipality after June 30, 2032, shall be used solely

1 for the purpose of retiring such loans, advances, bonds, or  
2 indebtedness. During the period of the extension, property  
3 taxes collected under section 403.19, subsection 2, in excess  
4 of the amount necessary under the conditions of the extension  
5 shall be allocated and when collected paid into the funds for  
6 the respective taxing districts in the same manner as taxes on  
7 all other property.

8     *b.* (1) For each such urban renewal area that is a slum area  
9 or a blighted area or a combination of those areas, the urban  
10 renewal area including all applicable urban renewal plans,  
11 projects, and ordinances providing for a division of revenue  
12 shall continue in effect under this chapter, until such time  
13 that the urban renewal area is dissolved by the municipality or  
14 until the urban renewal area terminates under the conditions  
15 of subparagraph (2). The municipality may for such urban  
16 renewal area continue to incur or issue additional costs or  
17 indebtedness, including loans, advances, and bonds, that  
18 qualify for payment from the special fund created in section  
19 403.19 on or after the effective date of this Act and until  
20 dissolution or termination of the urban renewal area.

21     (2)(a) Notwithstanding any provision of this chapter to  
22 the contrary, and except as otherwise provided in subparagraph  
23 division (b), for taxes due and payable for fiscal years  
24 beginning on or after July 1, 2017, when calculating a division  
25 of revenue for an urban renewal area described in subparagraph  
26 (1), and for which the difference between the year of the  
27 assessment roll as of January 1 used to calculate the amount of  
28 taxes under section 403.19, subsection 1, and the year of the  
29 assessment roll used to calculate the amount of excess property  
30 taxes under section 403.19, subsection 2, first exceeds fifteen  
31 years, the year of the assessment roll as of January 1 that  
32 is otherwise required to be used to calculate the amount of  
33 taxes under section 403.19, subsection 1, shall be adjusted by  
34 increasing the year of the assessment roll by two assessment  
35 years. Such assessment roll so adjusted shall be increased in

1 each subsequent fiscal year by two assessment years until the  
2 assessment roll as of January 1 used to calculate the amount of  
3 taxes under section 403.19, subsection 1, is later in time than  
4 the year of the assessment roll used to calculate the amount  
5 of excess property taxes under section 403.19, subsection 2,  
6 at which time the urban renewal area including all applicable  
7 urban renewal plans, projects, and ordinances providing for a  
8 division of revenue shall terminate and be of no further force  
9 and effect.

10 (b) A municipality may, following the filing of an  
11 application for a waiver with, and approval by, the department  
12 of management, extend the date of termination for the urban  
13 renewal area and all applicable urban renewal plans, projects,  
14 and ordinances to a date after the date determined in  
15 subparagraph division (a). Such an application shall be filed  
16 with the department of management not later than June 30, 2013,  
17 and the application shall be accompanied by all information  
18 and documentation required by the department. The extended  
19 termination date shall be determined by the department of  
20 management. However, an extended termination date shall not be  
21 later than a date determined by the department of management  
22 to be necessary for the municipality to pay and retire those  
23 loans, advances, bonds, or indebtedness, or portions thereof,  
24 incurred or issued before the effective date of this Act that  
25 qualify for payment from the special fund created in section  
26 403.19, and by the terms of such loans, advances, bonds, or  
27 indebtedness are required to be paid or retired after the date  
28 determined in subparagraph division (a). If the department  
29 of management approves a waiver under this subparagraph  
30 division (b), all moneys deposited into the special fund of  
31 the municipality after the date determined in subparagraph  
32 division (a), shall be used solely for the purpose of retiring  
33 such loans, advances, bonds, or indebtedness. During the  
34 period of the extension, property taxes collected under  
35 section 403.19, subsection 2, in excess of the amount necessary

1 under the conditions of the extension shall be allocated and  
2 when collected paid into the funds for the respective taxing  
3 districts in the same manner as taxes on all other property.

4 2. The department of management shall adopt rules necessary  
5 to implement and administer this section.

6 Sec. 18. Section 403.19, subsection 1, paragraph a, Code  
7 Supplement 2011, is amended to read as follows:

8 a. Unless otherwise provided in this section, that portion  
9 of the taxes which would be produced by the rate at which the  
10 tax is levied each year by or for each of the taxing districts  
11 upon the total sum of the assessed value of the taxable  
12 property in the urban renewal area, as shown on the assessment  
13 roll as of January 1 of the calendar year preceding the first  
14 calendar year in which the municipality certifies to the county  
15 auditor the amount of loans, advances, indebtedness, or bonds  
16 payable from the division of property tax revenue, or on the  
17 assessment roll last equalized prior to the date of initial  
18 adoption of the urban renewal plan if the plan was adopted  
19 prior to July 1, 1972, and the ordinance providing for the  
20 division of revenue was adopted before the effective date of  
21 this Act, shall be allocated to and when collected be paid  
22 into the fund for the respective taxing district as taxes by  
23 or for the taxing district into which all other property taxes  
24 are paid. However, the municipality may choose to divide that  
25 portion of the taxes which would be produced by levying the  
26 municipality's portion of the total tax rate levied by or for  
27 the municipality upon the total sum of the assessed value of  
28 the taxable property in the urban renewal area, as shown on the  
29 assessment roll as of January 1 of the calendar year preceding  
30 the effective date of the ordinance and if the municipality so  
31 chooses, an affected taxing entity may allow a municipality to  
32 divide that portion of the taxes which would be produced by  
33 levying the affected taxing district's portion of the total tax  
34 rate levied by or for the affected taxing entity upon the total  
35 sum of the assessed value of the taxable property in the urban

1 renewal area, as shown on the assessment roll as of January  
2 1 of the calendar year preceding the effective date of the  
3 ordinance. This choice to divide a portion of the taxes shall  
4 not be construed to change the effective date of the division  
5 of property tax revenue with respect to an urban renewal plan  
6 in existence on July 1, 1994.

7 Sec. 19. Section 403.19, subsection 1, Code Supplement  
8 2011, is amended by adding the following new paragraph:

9 NEW PARAGRAPH. *d.* Notwithstanding any provision of this  
10 chapter to the contrary, on or after the effective date of this  
11 Act a municipality shall not adopt an ordinance providing for  
12 a division of revenue under this section for an urban renewal  
13 area containing wind energy conversion property as defined in  
14 section 427B.26 unless a majority of affected taxing entities  
15 by resolution approves the proposed division of revenue. The  
16 division of revenue shall be limited to ten years following  
17 adoption of the ordinance. Revenue divided in an urban renewal  
18 area described in this paragraph shall only be used by the  
19 municipality for the construction, reconstruction, improvement,  
20 repair, or equipping of bridges, roads, and culverts under  
21 the jurisdiction of the municipality and located in the urban  
22 renewal area.

23 Sec. 20. Section 403.19, Code Supplement 2011, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 3A. Except as provided in section 403.22,  
26 an ordinance providing for a division of revenue under this  
27 section that is adopted on or after the effective date of  
28 this Act shall be limited to twenty years from the calendar  
29 year following the calendar year in which the municipality  
30 first certifies to the county auditor the amount of any loans,  
31 advances, indebtedness, or bonds which qualify for payment from  
32 the division of revenue provided in section 403.19. The urban  
33 renewal area, including all applicable urban renewal plans,  
34 projects, and ordinances shall terminate and be of no further  
35 force and effect following the twenty-year period provided in

1 this subsection.

2 Sec. 21. Section 403.19, Code Supplement 2011, is amended by  
3 adding the following new subsection:

4 NEW SUBSECTION. 9. *a.* Moneys from any source deposited  
5 into the special fund created in this section shall not be  
6 expended for or otherwise used in connection with an urban  
7 renewal project approved on or after the effective date of this  
8 Act that includes the relocation of a commercial or industrial  
9 enterprise not presently located within the municipality,  
10 unless one of the following occurs:

11 (1) The local governing body of the municipality where  
12 the commercial or industrial enterprise is currently located  
13 and the local governing body of the municipality where the  
14 commercial or industrial enterprise is proposing to relocate  
15 have either entered into a written agreement concerning the  
16 relocation of the commercial or industrial enterprise or have  
17 entered into a written agreement concerning the general use  
18 of economic incentives to attract commercial or industrial  
19 development within those municipalities.

20 (2) The local governing body of the municipality where the  
21 commercial or industrial enterprise is proposing to relocate  
22 finds that the use of deposits into the special fund for an  
23 urban renewal project that includes such a relocation is in  
24 the public interest. A local governing body's finding that an  
25 urban renewal project that includes a commercial or industrial  
26 enterprise relocation is in the public interest shall include  
27 written verification from the commercial or industrial  
28 enterprise that the enterprise is actively considering moving  
29 all or a part of its operations to a location outside the state  
30 and a specific finding that such an out-of-state move would  
31 result in a significant reduction in either the enterprise's  
32 total employment in the state or in the total amount of wages  
33 earned by employees of the enterprise in the state.

34 *b.* For the purposes of this subsection, "relocation"  
35 means the closure or substantial reduction of an enterprise's

1 existing operations in one area of the state and the initiation  
2 of substantially the same operation in the same county or a  
3 contiguous county in the state. This subsection does not  
4 prohibit an enterprise from expanding its operations in another  
5 area of the state provided that existing operations of a  
6 similar nature are not closed or substantially reduced.

7 Sec. 22. Section 403.19, Code Supplement 2011, is amended by  
8 adding the following new subsection:

9 NEW SUBSECTION. 10. Except as authorized in section  
10 403.22, subsection 4, moneys deposited into the special  
11 fund created in this section that are taxes resulting from a  
12 division of revenue under this section or that are proceeds  
13 from loans, advances, or bonds that qualify for payment from  
14 the special fund shall only be expended from the fund for  
15 purposes related to the urban renewal area from which the  
16 deposits were collected or the urban renewal area from which  
17 property taxes resulting from a division of revenue will be  
18 collected to pay such loans, advances, or bonds, as applicable.  
19 Interest or earnings received on amounts deposited into the  
20 special fund created in this section shall be credited to the  
21 special fund and be used solely for the purposes specified in  
22 this section. Moneys deposited into the special fund that are  
23 taxes, including the interest or earnings on such amounts, for  
24 the payment of costs and indebtedness incurred or issued on  
25 or after the effective date of this Act, including all loans,  
26 advances, and bonds that qualify for payment from the special  
27 fund and deposits into the special fund that are proceeds from  
28 such loans, advances, and bonds, shall not be used for any of  
29 the following unless approved by resolution adopted by the  
30 governing bodies of a majority of the affected taxing entities:  
31 a. Public buildings, including but not limited to police  
32 stations, fire stations, administration buildings, swimming  
33 pools, libraries, hospitals, recreational facilities, city  
34 halls, or other public buildings that are exempt from property  
35 taxation, including the site or grounds of, and the erection,

1 equipment, remodeling, or reconstruction of, and additions or  
2 extensions to, such buildings.

3 *b.* Movable property or equipment.

4 *c.* Buildings or facilities leased or intended in the future  
5 to be leased by a public body for any of the uses specified in  
6 paragraph "a".

7 *d.* Salaries, benefits, per diems, or expenses of any  
8 employee of the municipality.

9 *e.* The payment of any indebtedness or cost related to  
10 paragraphs "a", "b", "c", or "d".

11 Sec. 23. Section 403.22, Code Supplement 2011, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 1A. With respect to any urban renewal  
14 area established on or after the effective date of this Act,  
15 a division of revenue as provided in section 403.19 shall  
16 not be allowed for the purpose of providing or aiding in  
17 the provision of public improvements related to housing and  
18 residential development unless a majority of the affected  
19 taxing entities, by resolution, approves a division of revenue  
20 for such purpose. If the use of a division of revenue for  
21 the purpose of providing or aiding in the provision of public  
22 improvements related to housing and residential development  
23 is approved by a majority of the affected taxing entities,  
24 the municipality is subject to the provisions of this section  
25 insofar as applicable.

26 Sec. 24. NEW SECTION. 403.23 Audit — certificate of  
27 compliance.

28 1. Each municipality that has established an urban renewal  
29 area that utilizes, or plans to utilize, revenues from the  
30 special fund created in section 403.19, shall make an annual  
31 certification of compliance with this section. For any  
32 year in which the municipality is audited in accordance with  
33 section 11.6, such certification shall be audited as part  
34 of the municipality's audit. For any year in which the  
35 municipality is not audited in accordance with section 11.6,

1 the municipality shall contract with or employ the auditor  
2 of state or a certified public accountant certified in the  
3 state of Iowa to attest to the certification. However, the  
4 certification shall be audited at least once every five years.

5 2. The certification required under this section shall  
6 include such information or documentation deemed appropriate  
7 by the auditor of state including but not limited to the  
8 information required to be reported under section 331.403,  
9 subsection 3, or section 384.22, subsection 2, as applicable.

10 3. The cost of an audit or attestation shall be paid by the  
11 municipality from proper funds of the municipality.

12 4. The auditor of state shall adopt rules necessary to  
13 implement this section.

14 Sec. 25. Section 423B.1, subsection 6, paragraph c, Code  
15 2011, is amended by striking the paragraph.

16 Sec. 26. Section 423B.7, subsection 1, Code 2011, is amended  
17 to read as follows:

18 1. ~~a. Except as provided in paragraph "b",~~ the The director  
19 shall credit the local sales and services tax receipts and  
20 interest and penalties from a county-imposed tax to the  
21 county's account in the local sales and services tax fund and  
22 from a city-imposed tax under section 423B.1, subsection 2, to  
23 the city's account in the local sales and services tax fund.  
24 If the director is unable to determine from which county any of  
25 the receipts were collected, those receipts shall be allocated  
26 among the possible counties based on allocation rules adopted  
27 by the director.

28 ~~b. Notwithstanding paragraph "a", the director shall~~  
29 ~~credit the designated amount of the increase in local sales~~  
30 ~~and services tax receipts, as computed in section 423B.10,~~  
31 ~~collected in an urban renewal area of an eligible city that has~~  
32 ~~adopted an ordinance pursuant to section 423B.10, subsection~~  
33 ~~2, into a special city account in the local sales and services~~  
34 ~~tax fund.~~

35 Sec. 27. Section 423B.7, subsection 6, Code 2011, is amended

1 by striking the subsection.

2 Sec. 28. REPEAL. Section 423B.10, Code 2011, is repealed.

3 Sec. 29. TAXES RECEIVED PRIOR TO EFFECTIVE DATE OF ACT. The  
4 amount of the increased local sales and services taxes received  
5 by a city as the result of an ordinance adopted prior to  
6 the effective date of this Act under chapter 423B that have  
7 been designated by a city by ordinance to fund urban renewal  
8 projects pursuant to section 423B.10, as repealed in this  
9 Act, shall be deposited in the city's special fund created in  
10 section 403.19 and shall be used to fund urban renewal projects  
11 located in an urban renewal area.

12 Sec. 30. IMPLEMENTATION OF ACT. Section 25B.2, subsection  
13 3, shall not apply to this Act.

14 Sec. 31. EFFECTIVE UPON ENACTMENT. This Act, being deemed  
15 of immediate importance, takes effect upon enactment.